



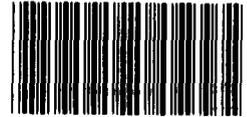
COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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SEPTEMBER 13, 1983

To the President of the Senate and the
Speaker of the House of Representatives



122328

Subject: Examination of the United States Capitol
Historical Society's Financial Statements
for the Years Ended January 31, 1982 and 1981
(GAO/AFMD-83-91)

This report summarizes the results of our review of the audit of the United States Capitol Historical Society's financial statements for the years ended January 31, 1982 and 1981. The Society was established in 1962 to enhance the public's understanding of the symbolism, growth, and significance of the United States Capitol.

The Society retained G.P. Graham & Company, certified public accountants (CPAs), to audit its 1982 and 1981 financial statements. In the opinion of the CPAs, the Society's financial statements present fairly its financial position at January 31, 1982 and 1981, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement of a change, with which they concur, in the method of accounting for vacation pay benefits, as described in note F to the financial statements.

We are required by 40 U.S.C. 193m-1 to audit the accounts of the Society for each year it conducts its activities. To provide a reasonable and cost effective means of assuring the Congress that the Society's financial position and results of operations are audited and reported on, we reviewed the workpapers and audit report prepared by the Society's CPAs. Our review was directed toward determining the extent to which we could rely on the work and report of the Society's CPAs. We performed such tests of the CPAs' workpapers and audit report, and such other auditing procedures as we considered necessary in the circumstances to ensure that:

- The Society's financial statements were prepared in accordance with generally accepted accounting principles.
- The audit was made in accordance with generally accepted auditing standards.

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--The CPAs established the necessary policies and procedures to comply with other applicable professional standards.

--The Society complied with the provisions of laws and regulations governing its operations.

During our review of the CPAs' workpapers and audit report, no significant problems came to our attention indicating that the CPAs' opinion on the Society's 1982 and 1981 financial statements or the auditing standards used were inappropriate.

Pursuant to a contract with the Architect of the Capitol, the Society operates a visitor center in the Capitol Building and is furnished, without charge, certain benefits and services--such as sales and storage space, utilities, and ordinary building repairs and maintenance. Accordingly, these costs are not included in the Statement of Revenue and Expense and Fund Balance. Furthermore, as a result of a recent decision by the U.S. Court of Appeals which rejected a District of Columbia claim against the Society, note C to the financial statements is no longer applicable. We therefore concur with, and transmit to the Congress, the CPAs' opinion on the Society's 1982 and 1981 financial statements (encl. I).



Comptroller General
of the United States

Enclosure

UNITED STATES CAPITOL HISTORICAL SOCIETY

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 1982 AND 1981

G. P. GRAHAM & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

UNITED STATES CAPITOL HISTORICAL SOCIETY
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 1982 AND 1981

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MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE 628-8206

To the Board of Trustees of
United States Capitol Historical Society

We have examined the statement of financial position of the United States Capitol Historical Society as of January 31, 1982 and 1981, and the related statements of revenue and expenses, fund balances, and changes in financial position of the general fund for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of United States Capitol Historical Society at January 31, 1982 and 1981, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, in the method of accounting for vacation pay benefits as described in Note F to the financial statements.

G. P. Graham & Company

G. P. GRAHAM & COMPANY

Certified Public Accountants

November 15, 1982

UNITED STATES CAPITOL HISTORICAL SOCIETY

STATEMENT OF FINANCIAL POSITION

AS OF JANUARY 31, 1982 AND 1981

| | <u>January 31, 1982</u> | | | <u>January 31, 1981</u> | | |
|---|---------------------------|-------------------------------|---------------------------|---------------------------|-------------------------------|---------------------------|
| | <u>General Fund</u> | <u>History Endowment Fund</u> | <u>Total Funds</u> | <u>General Fund</u> | <u>History Endowment Fund</u> | <u>Total Funds</u> |
| <u>ASSETS</u> | | | | | | |
| <u>Current assets</u> | | | | | | |
| Cash in bank | \$ 89,365 | \$ - | \$ 89,365 | \$ 51,260 | \$ - | \$ 51,260 |
| Investments - At cost-Schedule A-1 and A-2 | | | | | | |
| Savings and NOW accounts | 89,923 | 13,094 | 103,017 | 476,042 | 89,916 | 565,958 |
| U.S. Treasury and Quasi-Government bonds | 588,245 | 651,286 | 1,239,531 | 499,969 | 676,117 | 1,176,086 |
| Commercial bonds, notes | - | 25,000 | 25,000 | - | 25,000 | 25,000 |
| Accounts receivable | 60,394 | 28,510 | 88,904 | 58,323 | 20,160 | 78,483 |
| Inventory - At cost | 804,364 | - | 804,364 | 378,505 | - | 378,505 |
| Prepaid expenses | 21,800 | - | 21,800 | 24,281 | - | 24,281 |
| Due to/from funds | (161,967) | 161,967 | - | - | - | - |
| Total current assets | <u>\$1,492,124</u> | <u>\$879,857</u> | <u>\$2,371,981</u> | <u>\$1,488,380</u> | <u>\$811,193</u> | <u>\$2,299,573</u> |
| Office furniture and equipment | | | | | | |
| Less: Accumulated depreciation | | | | | | |
| \$20,937 and \$18,109 | 16,867 | - | 16,867 | 16,450 | - | 16,450 |
| Other assets | | | | | | |
| Library | 2,698 | - | 2,698 | 2,521 | - | 2,521 |
| Inventory reserve | 3,197 | - | 3,197 | 2,887 | - | 2,887 |
| Total assets | <u>\$1,514,886</u> | <u>\$879,857</u> | <u>\$2,394,743</u> | <u>\$1,510,238</u> | <u>\$811,193</u> | <u>\$2,321,431</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | |
| <u>Current liabilities</u> | | | | | | |
| Accounts payable | \$ 34,043 | \$ - | \$ 34,043 | \$ 68,335 | \$ - | \$ 68,335 |
| Accrued expenses | 660 | - | 660 | 380 | - | 380 |
| Accrued annual leave - Note F | 23,787 | - | 23,787 | 29,892 | - | 29,892 |
| Deferred receipts - Magna Carta | 20,018 | - | 20,018 | 16,493 | - | 16,493 |
| Total current liabilities | <u>\$ 78,508</u> | <u>\$ -</u> | <u>\$ 78,508</u> | <u>\$ 115,100</u> | <u>\$ -</u> | <u>\$ 115,100</u> |
| Contributions received for special programs | | | | | | |
| Capitol sound and light | 45,812 | - | 45,812 | 43,922 | - | 43,922 |
| Mel Price Portrait | 1,350 | - | 1,350 | 1,350 | - | 1,350 |
| Art work (Capitol) | 5,729 | - | 5,729 | 5,729 | - | 5,729 |
| George White Portrait | 1,250 | - | 1,250 | 1,000 | - | 1,000 |
| Robert Byrd Portrait | 10,168 | - | 10,168 | 8,668 | - | 8,668 |
| John Dingell Portrait | 5,510 | - | 5,510 | - | - | - |
| Fund balance | <u>1,366,559</u> | <u>879,857</u> | <u>2,246,416</u> | <u>1,334,469</u> | <u>811,193</u> | <u>2,145,662</u> |
| Total liabilities and fund balance | <u>\$1,514,886</u> | <u>\$879,857</u> | <u>\$2,394,743</u> | <u>\$1,510,238</u> | <u>\$811,193</u> | <u>\$2,321,431</u> |

See accompanying notes to financial statements.

Exhibit "A"

G. P. GRAHAM & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

ENCLOSURE I

ENCLOSURE I

UNITED STATES CAPITOL HISTORICAL SOCIETYGENERAL OPERATING SCHEDULE OF INVESTMENTSAT JANUARY 31, 1982 AND 1981

| | <u>January 31, 1982</u> | | <u>January 31, 1981</u> | |
|---|-------------------------|---------------------|-------------------------|---------------------|
| | <u>Cost</u> | <u>Market Value</u> | <u>Cost</u> | <u>Market Value</u> |
| <u>U.S. Treasury and Quasi-Government Bonds</u> | | | | |
| \$ 50,000 Federal National Mortgage Assn. 8.2% due 4/10/84 | \$ 50,000 | \$ 43,688 | \$ 50,000 | \$ 44,500 |
| 50,000 Federal National Mortgage Assn. 8.4% due 9/10/82 | 50,000 | 48,375 | 50,000 | 46,280 |
| 50,000 Federal National Mortgage Assn. 10.0% due 4/10/81 | - | - | 50,000 | 49,280 |
| 50,000 Twelve Federal Land Banks 8.0% due 10/20/82 | 50,000 | 47,845 | 50,000 | 45,688 |
| 50,000 Federal Home Loan Bank 8.25% due 11/26/82 | 50,000 | 47,670 | 50,000 | 45,625 |
| 300,000 Federal Home Loan Bank 9.0% due 2/25/83 | 288,194 | 283,410 | - | - |
| 50,000 Federal Farm Credit Bank 11.85% due 4/1/81 | - | - | 50,000 | 49,563 |
| 100,000 Federal Farm Credit Bank 13.75% due 5/4/81 | - | - | 99,969 | 49,580 |
| 100,000 Federal Farm Credit Bank 15.35% due 6/1/81 | - | - | 100,000 | 99,750 |
| <u>U.S. Corporate Bond</u> | | | | |
| \$100,000 Ford Motor Company, Inc. 13.375% due 3/23/82 | 100,051 | 100,000 | - | - |
| Savings and Negotiable Order of Withdrawal Accounts | <u>89,923</u> | <u>89,923</u> | <u>476,042</u> | <u>476,042</u> |
| Total general operating investments | <u>\$678,168</u> | <u>\$660,911</u> | <u>\$976,011</u> | <u>\$906,308</u> |

See accompanying notes to financial statements.

Schedule A-1

UNITED STATES CAPITOL HISTORICAL SOCIETY
HISTORY ENDOWMENT SCHEDULE OF INVESTMENTS
AT JANUARY 31, 1982 AND 1981

| | | <u>January 31, 1982</u> | | <u>January 31, 1981</u> | |
|---|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | | <u>Cost</u> | <u>Market Value</u> | <u>Cost</u> | <u>Market Value</u> |
| <u>U.S. Treasury and Quasi-Government Bonds</u> | | | | | |
| \$ 75,000 | U.S. Treasury 7.875% due 5/15/86 | \$ 76,316 | \$ 60,330 | \$ 76,316 | \$ 61,545 |
| 25,000 | U.S. Treasury 8.375% due 8/15/81 | - | - | 24,945 | 24,125 |
| 25,000 | U.S. Treasury 8.25% due 8/15/85 | 24,856 | 20,978 | 24,856 | 21,313 |
| 250,000 | U.S. Treasury 16.0% due 11/15/84 | 250,114 | 258,275 | - | - |
| 25,000 | Federal Home Loan Bank 8.25% due 11/26/82 | 25,000 | 23,835 | 25,000 | 22,813 |
| 50,000 | Federal Home Loan Bank 10.0% due 2/25/81 | - | - | 50,000 | 49,655 |
| 50,000 | Federal Home Loan Bank 9.15% due 5/25/82 | 50,000 | 49,220 | 50,000 | 47,063 |
| 50,000 | Federal Home Loan Bank 10.8% due 3/25/85 | 50,000 | 45,063 | 50,000 | 45,875 |
| 50,000 | Federal Home Loan Bank 11.9% due 3/25/82 | 50,000 | 49,905 | 50,000 | 48,750 |
| 25,000 | Federal National Mortgage Assn. 8.4% due 9/10/82 | 25,000 | 24,188 | 25,000 | 23,140 |
| 25,000 | Federal National Mortgage Assn. 8.75% due 4/11/83 | 25,000 | 23,485 | 25,000 | 22,719 |
| 50,000 | Federal National Mortgage Assn. 8.85% due 7/10/81 | - | - | 50,000 | 48,500 |
| 25,000 | Federal National Mortgage Assn. 8.8% due 10/10/85 | 25,000 | 21,000 | 25,000 | 21,250 |
| 25,000 | Federal National Mortgage Assn. 8.5% due 9/12/83 | 25,000 | 22,703 | 25,000 | 22,000 |
| 50,000 | Federal National Mortgage Assn. 10.0% due 4/10/81 | - | - | 50,000 | 49,280 |
| | Carried forward | \$626,286 | \$598,982 | \$551,117 | \$508,028 |

See accompanying notes to financial statements.

Schedule A-2

G. P. GRAHAM & COMPANY
 CERTIFIED PUBLIC ACCOUNTANTS

HISTORY ENDOWMENT SCHEDULE OF INVESTMENTS (Cont'd.)

| | <u>January 31, 1982</u> | | <u>January 31, 1981</u> | |
|--|-------------------------|---------------------|-------------------------|---------------------|
| | <u>Cost</u> | <u>Market Value</u> | <u>Cost</u> | <u>Market Value</u> |
| Brought forward | \$626,286 | \$598,982 | \$551,117 | \$508,028 |
| \$ 25,000 Federal Farm Credit Bank 8.45% due 4/1/82 | 25,000 | 24,750 | 25,000 | 23,406 |
| 50,000 Federal Farm Credit Bank 12.0% due 7/1/81 | - | - | 50,000 | 49,095 |
| 50,000 Federal Farm Credit Bank 15.35% due 6/1/81 | - | - | 50,000 | 49,875 |
| <u>U.S. Corporate Bond</u> | | | | |
| \$ 25,000 Phillip Morris, Inc., 8.65% due 3/1/84 | 25,000 | 22,250 | 25,000 | 21,848 |
| Savings and Negotiable Order of Withdrawal Accounts | <u>13,094</u> | <u>13,094</u> | <u>89,916</u> | <u>89,916</u> |
| Total History Endowment Investments | <u>\$689,380</u> | <u>\$659,076</u> | <u>\$791,033</u> | <u>\$742,168</u> |

See accompanying notes to financial statements.

Schedule A-2

G. P. GRAHAM & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

UNITED STATES CAPITOL HISTORICAL SOCIETY
STATEMENT OF REVENUE AND EXPENSES AND FUND BALANCES
FOR THE YEARS ENDED JANUARY 31, 1982 AND 1981

| | <u>General Fund</u> | | | | <u>History Endowment Fund</u> | |
|--|------------------------------|-----------------------------|--------------------------------|----------------------|-------------------------------|----------------------|
| | <u>General Operating</u> | <u>Special Programs</u> | <u>Total Jan. 31, 1982</u> | <u>Jan. 31, 1981</u> | <u>Jan. 31, 1982</u> | <u>Jan. 31, 1981</u> |
| Revenue | | | | | | |
| Sales (less discount \$ 3,617) | \$1,536,464 | - | \$1,536,464 | \$1,442,982 | | |
| Cost of merchandise sold | <u>1,023,076</u> | - | <u>1,023,076</u> | 925,089 | | |
| Gross profit from sales | \$ 513,388 | - | \$ 513,388 | \$ 517,893 | | |
| Other revenue | | | | | | |
| Membership dues | \$ 8,953 | - | \$ 8,953 | \$ 8,486 | - | - |
| Contributions-Current year | 3,282 | \$ 9,150 | 12,432 | 10,404 | \$ 1,000 | - |
| Income from investments | 60,796 | - | 60,796 | 77,431 | 67,664 | 73,037 |
| Royalty | 10,997 | - | 10,997 | 9,699 | - | - |
| Sundry | <u>10,215</u> | - | <u>10,215</u> | 3,739 | - | - |
| Total revenue | <u>\$ 607,631</u> | <u>\$ 9,150</u> | <u>\$ 616,781</u> | <u>\$ 627,652</u> | <u>\$ 68,664</u> | <u>\$ 73,037</u> |
| Expenses | | | | | | |
| Selling and administrative | \$ 562,461 | - | \$ 562,461 | \$ 532,644 | - | - |
| Oral history program | 10,080 | - | 10,080 | 10,167 | - | - |
| Contributions | | | | | | |
| United States Capitol | - | - | - | 16,300 | - | - |
| Artwork master plan and art work | - | - | - | 1,190 | - | - |
| Historical Research Fund | <u>3,000</u> | - | <u>3,000</u> | - | - | - |
| Total expenses | <u>\$ 575,541</u> | <u>\$ 9,150</u> | <u>\$ 575,541</u> | <u>\$ 560,301</u> | <u>-</u> | <u>-</u> |
| Excess of revenue over expenses | \$ 32,090 | \$ 9,150 | \$ 41,240 | \$ 67,351 | \$ 68,664 | \$ 73,037 |
| Fund balances and special programs - February 1 | 1,334,469 | 60,669 | 1,395,138 | 1,354,487 | 811,193 | 738,156 |
| Prior period adjustment - Accrued annual leave - Note F | - | - | - | (26,700) | - | - |
| Fund balances and special programs - January 31 | <u>\$1,366,559</u> | <u>\$69,819</u> | <u>\$1,436,378</u> | <u>\$1,395,138</u> | <u>\$879,857</u> | <u>\$811,193</u> |

See accompanying notes to financial statements.

Exhibit "B"

G. F. GRAHAM & COMPANY
 CERTIFIED PUBLIC ACCOUNTANTS

UNITED STATES CAPITOL HISTORICAL SOCIETY
SCHEDULE OF CHANGES IN SPECIAL PROGRAMS
FOR YEARS ENDED JANUARY 31, 1982 AND 1981

| | January 31, 1982 | | | | January 31, 1981 | | |
|----------------------------------|-------------------------|--------------------|--------------------|-----------------------|----------------------|-----------------------|----------------|
| | Capitol Sound and Light | Mel Price Portrait | Art Work (Capitol) | George White Portrait | Robert Byrd Portrait | John Dingell Portrait | Total Programs |
| Balance February 1, | \$43,922 | \$ 1,350 | \$ 5,729 | \$ 1,000 | \$ 8,668 | - | \$51,691 |
| Contributions | 1,890 | - | - | 250 | 1,500 | 5,510 | 10,168 |
| Disbursements | - | - | - | - | - | - | (1,190) |
| Artwork master plan and art work | - | - | - | - | - | - | - |
| Balance January 31, | \$45,812 | \$ 1,350 | \$ 5,729 | \$ 1,250 | \$10,168 | \$ 5,510 | \$60,669 |

See accompanying notes to financial statements.

Schedule B-1

G. P. GRAHAM & COMPANY
 CERTIFIED PUBLIC ACCOUNTANTS

UNITED STATES CAPITOL HISTORICAL SOCIETY
STATEMENT OF CHANGES IN FINANCIAL POSITION - GENERAL FUND
FOR THE YEAR ENDED JANUARY 31, 1982 AND 1981

| | <u>1982</u> | <u>1981</u> |
|---|------------------|------------------|
| Funds provided | | |
| Excess of revenue over expenses for the year ended January 31, | \$ 41,240 | \$ 67,351 |
| Add: Expenses included not affecting working capital | | |
| Depreciation | 2,828 | 2,191 |
| Working capital provided by operations | <u>\$ 44,068</u> | <u>\$ 69,542</u> |
| Funds applied | | |
| Acquisition of equipment | \$ 3,245 | \$ 14,803 |
| Acquisition for additions to library | 177 | 463 |
| Transfer to inventory reserve | 310 | - |
| Prior period adjustment-accrued annual leave-Note F | - | 26,700 |
| Working capital applied | <u>\$ 3,732</u> | <u>\$ 41,966</u> |
| Increase (decrease) in working capital | <u>\$ 40,336</u> | <u>\$ 27,576</u> |
| <u>Analysis of changes in working capital</u> | | |
| Increase (decrease) in current assets | | |
| Cash | \$ 38,105 | \$ 2,739 |
| Investments | (297,843) | 61,550 |
| Accounts receivable | 2,071 | 27,369 |
| Inventory | 425,859 | 629 |
| Prepaid expenses | (2,481) | 12,539 |
| Due to/from funds | (161,967) | - |
| Decrease (increase) in current liabilities | | |
| Accounts payable | 34,292 | (58,529) |
| Accrued expenses | (280) | 13,150 |
| Accrued annual leave - Note F | 6,105 | (29,892) |
| Deferred receipts - Magna Carta | <u>(3,525)</u> | <u>(1,979)</u> |
| Increase (decrease) in working capital | <u>\$ 40,336</u> | <u>\$ 27,576</u> |

See accompanying notes to financial statements.

Exhibit "C"

G. P. GRAHAM & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

UNITED STATES CAPITOL HISTORICAL SOCIETYNOTES TO FINANCIAL STATEMENTSJANUARY 31, 1982

Note A - Summary of significant accounting policies followed by United States Capitol Historical Society (USCHS)

1. Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting.
2. Marketable securities are stated at cost.
3. Inventories are stated at cost principally on the first-in, first-out basis.
4. Office furniture and equipment is stated at cost less accumulated depreciation computed on a straight line basis.
5. Contributions to specific funds are reflected as additions to fund balances. Expenditures of these funds are accumulated until the project is completed, at which time, the fund is charged with the cost of the project.

Note B - The United States Capitol Historical Society is a non-profit organization incorporated under the laws of the District of Columbia. The purposes of the Society include: to promote and encourage the understanding of the founding, growth and significance of the Capitol of the United States of America, to undertake research into the history of the Congress and the Capitol and to promote the discussion, publication and dissemination of the results of research.

Under the direction of the Architect of the Capitol, the Society operates the Capitol Visitors Center as authorized by Title III of Public Law 90-264. This agreement was entered into by contract dated January 1, 1981 and has been renewed through June 30, 1982, subject to termination without cause upon giving the other party sixty days written notice. At the end of this period, the Architect reserves the right to enter into a renewal agreement on terms mutually satisfactory to both parties. "

NOTES TO FINANCIAL STATEMENTS (Cont'd.)

Note C - As of the date of this report, the Finance and Revenue Department of the District of Columbia has assessed the Society in excess of \$750,000 for sales taxes, interest and penalties for the period August 1, 1966 through September 30, 1979. The Society was being sued for this amount in the case styled District of Columbia v. United States Capitol Historical Society, et al., Superior Court of the District of Columbia, Civil Action No. 016006-81, which has been dismissed without prejudice pending the outcome of the below-described Federal litigation. The Federal Government, on behalf of the Society, has sued the District for a declaratory judgement against it in a case styled United States of America v. District of Columbia, United States District Court for the District of Columbia, civil action No. 82-0923, wherein a judgement was entered in favor the United States (and the Society). The District of Columbia is now appealing the adverse judgement to the United States Court of Appeals for the District of Columbia circuit.

No provision has been made for potential liability, if any, on the accompanying financial statement.

Note D - Sound and Light - Bicentennial program

Officers of the USCHS report the following:

The project study authorized in H.J. Res. 736, authorized by Gerald Ford, Thomas O'Neil, and others passed unanimously by both Houses, signed by the President, for the creation and installation of a sound and light program at the United States Capitol, was completed during the year ended January 31, 1975. Studies revealed that the project was feasible and advisable. The Bill provides for the acceptance of a gift from the United States Capitol Historical Society to pay for installation, operation, and maintenance of the show. The Bill provides further that the study recommendation must be approved by the USCHS, The Architect of the Capitol, the leaders of the House of Representatives, and the Commission on Arts and Antiquities of the U.S. Senate. The project has been endorsed by the USCHS, the Architect of the Capitol, and the leaders of the House of Representatives.

The USCHS Executive Committee approved in principal a four-phase plan for fund raising and promotional activities for the sound and light program. Phase one of the plan was implemented September 1, 1974, covering a nine month period: phase two of the plan was not implemented. Contributions received from solicitations for the sound and light program and/or the Bicentennial program are not segregated on the USCHS accounts. Plans for the raising of funds have been halted temporarily.

NOTES TO FINANCIAL STATEMENTS (Cont'd.)

Note E - Under agreements with the sponsor of the Magna Carta publication, receipts from sales are to be held to defray the cost of a second printing. Sales thru January 31, 1982 amounted to \$20,018.

Note F - Accrued annual leave

Prior to fiscal year 1982, the Society followed the common practice of accounting for the cost of the employees' vacation pay benefits in the period they were paid. Effective as of February 1, 1981, the Society began accruing such benefits as they are earned. Financial statements for years prior to 1981 have been restated, resulting in a decrease in fund balance at January 31, 1980 of \$26,700. The accounting change decrease of previously reported income for the year ended January 31, 1981 of \$3,192 was considered immaterial, however, the statements were restated to conform to the provisions of SFAS No.43.

Note G - Bicentennial commemorative medal project

The United States Congress passed a bill in January 1978 which was signed by the President on February 15, 1978 providing for the striking of a national medal annually in commemoration of outstanding historic events and personalities from 1777 to 1789.

Note H - Leases

The United States Capitol Historical Society leases approximately 2,809 square feet of office space located at V.F.W. Memorial Building, 200 Maryland Avenue, N.E., Washington, D.C. from the Veterans of Foreign Wars of the United States. The lease is for the period effective April 1, 1980 through March 31, 1983 and provides for a rental of \$27,810.00 for the 1982/83 year.

Note I - Pension

The Society's pension plan provides for biweekly contributions of \$25 for each employee after one year of full time employment. The plan further provides for increments in biweekly contributions of \$5 for each additional three year period of employment through twenty-one years with a maximum biweekly contribution of \$55.

We have reviewed the supplementary information submitted on the following pages 15 & 16 taken from the accounting records of the Society but which was not in our opinion necessary for a fair presentation of the financial position or results of operations. Our examination was intended primarily for the purpose of formulating an opinion on the financial statements taken as a whole and was not to enable us to express an opinion as to the fairness of the detailed supplementary information.

UNITED STATES CAPITOL HISTORICAL SOCIETYANALYSIS OF SALESFOR THE YEARS ENDING JANUARY 31, 1982 AND 1981

| | <u>1982</u> | <u>1981</u> |
|---|--------------------|--------------------|
| Books | | |
| We, the People - English edition | \$ 191,696 | \$ 166,788 |
| We, the People - Foreign edition | 6,368 | 12,258 |
| Our Nations Capitol Coloring Book | 15,259 | 15,838 |
| Other | 65,915 | 87,059 |
| Calendars | 689,029 | 650,832 |
| Photographs, prints, slides and viewers | 26,185 | 23,599 |
| Postcards, folders and albums | 117,867 | 88,140 |
| Jewelry | 37,800 | 31,334 |
| Film, filmstrips, viewmasters and cameras | 129,537 | 121,296 |
| Medals and accessories | 100,047 | 62,478 |
| National medal program | 95,197 | 134,586 |
| Place mats | 1,901 | 2,445 |
| Others | 63,280 | 53,845 |
| Discounts | (3,617) | (7,516) |
| Net sales | <u>\$1,536,464</u> | <u>\$1,442,982</u> |

UNITED STATES CAPITOL HISTORICAL SOCIETY
ANALYSIS OF SELLING AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDING JANUARY 31, 1982 AND 1981

| | <u>1982</u> | <u>1981</u> |
|-----------------------------|-------------------|-------------------|
| Salaries (45 employees) | \$ 332,558 | \$ 348,604 |
| Payroll taxes | 24,116 | 22,378 |
| Group and general insurance | 11,967 | 10,289 |
| Retirement | 10,345 | 10,980 |
| Postage and other mailings | 9,547 | 7,597 |
| Promotion | 7,500 | 5,348 |
| Membership | 9,022 | 6,403 |
| Office expense | 22,497 | 8,199 |
| Office rent | 23,294 | 19,152 |
| Storage | 2,493 | 5,287 |
| Professional services | 53,348 | 34,956 |
| Dues | 435 | 415 |
| Depreciation | 2,828 | 2,191 |
| Computer expense | 1,500 | 1,320 |
| Capitol studies | (1,555) | 6,932 |
| Sundry | 3,500 | 14,255 |
| Symposium | 49,066 | 28,338 |
| | <u>\$ 562,461</u> | <u>\$ 532,644</u> |